

Durham County ABC Board

**Minutes of the Special Meeting
April 7, 2018, 12:00 p.m.**

The Durham County ABC Board met at the administrative office, 2634 Durham Chapel Hill Boulevard. Notice of the date, time, location and purpose of the meeting was published.

In the absence of a Board Chair, and without objection by the Board, Board Member Jacqueline Wagstaff called the meeting to order at 12:00 p.m.

Board members Jacqueline Wagstaff, Donald Lebkes and Beverly Thorpe were present.

General Manager Rufus Sales, Durham County ABC Finance Officer Lee Keatts and attorney George W. Miller, Jr. were also present.

Conflict of Interest Review and Declaration

Board Member Wagstaff read the Board's Conflict of Interest Review and Declaration statement and asked Board members if they have an actual conflict or appearance of a conflict of interest with any items that were known to be coming before the Board and, if so, does any Board member having a conflict wish to recuse him/herself from deliberating and voting on the matter. All Board members present verbalized that they do not have a conflict.

General Business

Public Comment

Ms. Wagstaff acknowledged that there were not any members of the public present for comment.

Strategic Planning

Mr. Keatts presented on DCABC Board's financial status including all assets and liabilities. He stated that at the end of the fiscal year, DCABC is expected to have a cash balance of \$4.6M. The Board reviewed the financial reports and discussed outstanding loans.

The Board discussed depreciation of DCABC vehicles and implementation of a schedule to replace vehicles. They also discussed expanding the monthly mileage tracking system to include cumulative annual mileage tracking.

Mr. Keatts reviewed the history of profits distributed to the city and county and explained statutory requirements. The Board discussed profit distribution formulas and details associated. Mr. Keatts also reported on the annual distribution to the grant program and payments due for the new POS system and annual insurance policies.

The Board discussed the two property lease contracts including monthly rents and future plans regarding the properties. Mr. Sales stated that DCABC received borrowing authority from SunTrust and Mechanics & Farmers should the Board decide to purchase real estate in the near future.

Mr. Sales stated that there are several outstanding projects for Board consideration. In 2014, the Board discussed a 50% increase in retail space at the Highway 55 Store. The renovation project was estimated to total \$150K. Mr. Sales stated that the Board also planned to expand the Holloway Street Store once the condemnation lawsuit with the city was concluded. He recommended that the Board resume plans now that the lawsuit is finalized.

Mr. Sales next brought to the Board's attention that DCABC purchased an empty lot next to the Hillsborough Road Store to provide additional parking. The project has not moved forward due to issues with ingress and egress. Additionally, there is a large tree on the lot and issues arose regarding removal of the tree. Mr. Sales suggested that the lot be filled with gravel temporarily while investigating other options. The Board suggested that Mr. Sales research the costs associated with the parking lot project and report back to the Board. Ms. Wagstaff motioned for the General Manager to go forward with graveling the lot. Ms. Thorpe seconded the motion and the Board approved unanimously.

Mr. Lebkes suggested to the Board that a ten-year plan be put in place to ensure DCABC continues to focus on the future. The Board discussed creating long-term goals.

Mr. Sales reported to the Board on his recent meeting with JLL regarding the feasibility study. Five potential new store locations were identified including Highway 98, Highway 55 near Riddle Road, downtown Durham, the Southpoint area and Northern Durham within the city limits. The Board discussed the recommended locations.

Mr. Sales stated that he recommends establishment of a new retail store on Highway 98. The area is projected to have much growth and the closest ABC store in the area is the Holloway Street Store. He noted that the Holloway Street Store has twice the transactions of other stores in the county. Mr. Sales stated that a new store in this location can provide some relief to the Holloway Street Store as well as serve the current and future population.

Mr. Sales stated that both the warehouse and mixed beverage locations are not large enough to accommodate future growth. He recommended future consolidation of the warehouse and mixed beverage. He explained that combining the two would eliminate the need for liquor delivery from the warehouse to mixed beverage. Mr. Sales also suggested consolidating the administrative offices, law enforcement, mixed beverage and warehouse in one complex. The Board discussed the possibility of an administrative complex and locations that may be available for purchase. Mr. Sales noted that JLL can provide commercial real estate services for DCABC.

Mr. Lebkes expressed his priorities for the Board to be included in a ten-year plan. He recommended renovation of all retail stores to include 4K square feet of retail space and ample parking available. He also agreed with the feasibility study to open five additional stores at the locations identified. Ms. Wagstaff and Ms. Thorpe agreed that their priorities include a complex for administrative services, law enforcement, mixed beverage and warehouse. The Board discussed leasing buildings for new store locations and purchasing the administrative complex. Leasing will provide the opportunity to determine if the location is profitable enough to keep

long term. Once a new location proves to be a valuable addition to DCABC, real estate will be purchased as opposed to leased.

The Board reviewed all retail stores individually to determine which are considered stable with longevity in the current location. The stores identified as long-term are slated for renovations. Next, the retail stores were categorized as minor or major renovations. The Board prioritized short-term goals to include expanding Hillsborough Road Store parking and proceed with Holloway Street Store renovations.

The Board next discussed new store locations as identified in the feasibility study. The Board prioritized the order in which locations should be established. Downtown Durham was chosen as the highest priority followed by Highway 98. Mr. Sales will contact JLL to assist the Board with real estate matters.

The Board revisited the discussion of creating an administrative complex as a priority within the next few years. The Board also discussed consolidating warehouse and mixed beverage and possibly including all in the same location.

Ms. Wagstaff recommended that the Board create a nonretaliation policy and identify an employee representative to accept employee grievances. She emphasized the need for employees to feel comfortable addressing concerns without fearing repercussions. The Board discussed the present grievance process and the possibility of implementing a new policy. Attorney Miller will research and review state and county nonretaliation policies and prepare a report to share with the Board on July 9th beginning at 10:30 a.m.

Ms. Wagstaff requested to discuss the grant policy as it relates to the new procedure utilizing ZoomGrants. The Board agreed to discuss the matter at the April Board Meeting.

Closed Session

The Board considered going into closed session. Mr. Lebkes motioned for the Board to go into closed session per G.S. § 143-318.11(a): (6) to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. Ms. Thorpe seconded the motion and the Board approved without objection.

The Board returned to open session.

Ms. Wagstaff motioned to adjourn the meeting. Mr. Lebkes seconded the motion and the Board unanimously approved.

Approved By:

A handwritten signature in black ink, appearing to read "Jaqueline Wagstaff", is written over a horizontal line.